



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

March 13, 2013

TO: Gail Farber, Director
Department of Public Works

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **PROPOSITION A CONTRACT – DEPARTMENT OF PUBLIC WORKS
JANITORIAL SERVICES**

County Fiscal Manual (CFM) Section 12.2 requires County departments to complete a cost analysis for Proposition A (Prop A) contracts to ensure that the contracts are cost effective. Departments are also required to submit the cost analyses for contracts over \$1 million a year to the Auditor-Controller (A-C) for approval. The CFM also indicates that the A-C will periodically review a sample of Prop A contracts with an annual cost of less than \$1 million to ensure that departments are completing the cost analyses properly.

We reviewed the Department of Public Works' (DPW) janitorial services contract with Lee's Maintenance Services, Inc. for compliance with Prop A guidelines. The contract was awarded in April 2010, with an annual cost of approximately \$486,000. Our review indicates that the contract was cost effective. However, we noted that DPW's cost analysis did not include all of the potential County avoidable costs (e.g., supervisory salaries and employee benefits, staff bonuses, etc.). While including these costs would have only made the contract more cost effective, DPW management should ensure that all material avoidable costs are included in future Prop A cost analyses, to ensure the estimated cost savings are accurate.

Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:JLS:RS:YK

c: William T Fujioka, Chief Executive Officer
Tom Tindall, Director, Internal Services Department
Public Information Office
Audit Committee